

MIRA INFORM REPORT

Report No. :	518421
Report Date :	11.07.2018

IDENTIFICATION DETAILS

Name :	MILLIKEN HOLDINGS (HONG KONG) CO., LIMITED
Registered Office :	C/o STC Enterprise HK Ltd., 17/F., Union Park Tower, 168 Electric Road
Country :	Hongkong
Date of Incorporation :	25.10.2007
Com. Reg. No.:	38544359
Legal Form :	Private Limited Company.
Line of Business :	Importer, exporter and wholesaler of specialty chemicals, floor coverings, specialty fabrics, performance products.
No. of Employees :	1

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :	A
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Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Good
Payment Behaviour :	No Complaints
Litigation :	Clear

NOTES:

Any query related to this report can be made on e-mail: infodept@mirainform.com while quoting report number, name and date.

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ECGC Country Risk Classification List

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Hongkong	A1	A1

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

HONGKONG - ECONOMIC OVERVIEW

Hong Kong has a free market economy, highly dependent on international trade and finance - the value of goods and services trade, including the sizable share of reexports, is about four times GDP. Hong Kong has no tariffs on imported goods, and it levies excise duties on only four commodities, whether imported or produced locally: hard alcohol, tobacco, hydrocarbon oil, and methyl alcohol. There are no quotas or dumping laws. Hong Kong continues to link its currency closely to the US dollar, maintaining an arrangement established in 1983.

Excess liquidity, low interest rates and a tight housing supply have caused Hong Kong property prices to rise rapidly. The lower and middle-income segments of the population increasingly find housing unaffordable.

Hong Kong's open economy has left it exposed to the global economic situation. Its continued reliance on foreign trade and investment makes it vulnerable to renewed global financial market volatility or a slowdown in the global economy.

The mainland has long been Hong Kong's largest trading partner, accounting for about half of Hong Kong's total trade by value. Hong Kong's natural resources are limited, and food and raw materials must be imported. As a result of China's easing of travel restrictions, the number of mainland tourists to the territory surged from 4.5 million in 2001 to 47.3 million in 2014, outnumbering visitors from all other countries combined. After peaking in 2014, overall tourist arrivals dropped 2.5% in 2015 and 4.5% in 2016. The tourism sector rebounded in 2017, with visitor arrivals rising 3.2% to 58.47 million. Travelers from Mainland China totaled 44.45 million, accounting for 76% of the total.

The Hong Kong Government is promoting the Special Administrative Region (SAR) as the preferred business hub for renminbi (RMB) internationalization. Hong Kong residents are allowed to establish RMB-denominated savings accounts, RMB-denominated corporate and Chinese government bonds have been issued in Hong Kong, RMB trade settlement is allowed, and investment schemes such as the Renminbi Qualified Foreign Institutional Investor (RQFII) Program was first launched in Hong Kong. Offshore RMB activities experienced a setback, however, after the People's Bank of China changed the way it set the central parity rate in August 2015. RMB deposits in Hong Kong fell from 1.0 trillion RMB at the end of 2014 to 559 billion RMB at the end of 2017, while RMB trade settlement handled by banks in Hong Kong also shrank from 6.8 trillion RMB in 2015 to 3.9 trillion RMB in 2017.

Hong Kong has also established itself as the premier stock market for Chinese firms seeking to list abroad. In 2015, mainland Chinese companies constituted about 50% of the firms listed on the Hong Kong Stock Exchange and accounted for about 66% of the exchange's market capitalization.

During the past decade, as Hong Kong's manufacturing industry moved to the mainland, its service industry has grown rapidly. In 2014, Hong Kong and China signed a new agreement on achieving basic liberalization of trade in services in Guangdong Province under the Closer Economic Partnership Agreement (CEPA), adopted in 2003 to forge closer ties between Hong Kong and the mainland. The new measures, which took effect in March 2015, cover a negative list and a most-favored treatment provision. On the basis of the Guangdong Agreement, the Agreement on Trade in Services signed in November 2015 further enhanced liberalization, including extending the implementation of the majority of Guangdong pilot liberalization measures to the whole Mainland, reducing the restrictive measures in the negative list, and adding measures in the positive lists for cross-border services as well as cultural and telecommunications services. In June 2017, the Investment Agreement and the Agreement on Economic and Technical Cooperation (Ecotech Agreement) were signed under the framework of CEPA.

Hong Kong's economic integration with the mainland continues to be most evident in the banking and finance sector. Initiatives like the Hong Kong-Shanghai Stock Connect, the Hong Kong- Shenzhen Stock Connect the Mutual Recognition of Funds, and the Bond Connect scheme are all important steps towards opening up the Mainland's capital markets and have reinforced Hong Kong's role as China's leading offshore RMB market. Additional connect schemes such as ETF Connect (for exchange-traded fund products) are also under exploration by Hong Kong authorities. In 2017, Chief Executive Carrie LAM announced plans to increase



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government spending on research and development, education, and technological innovation with the aim of spurring continued economic growth through greater sector diversification.

Source : CIA

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COMPANY NAME AND ADDRESS

MILLIKEN HOLDINGS (HONG KONG) CO., LIMITED

ADDRESS: C/o STC Enterprise HK Ltd.
17/F., Union Park Tower, 168 Electric Road, Hong Kong.

PHONE: 852-2979 0412, 2529 5200

MANAGEMENT

Managing Director: Mr. David Jesse Moody II

SUMMARY

Incorporated on: 25th October, 2007.

Organization: Private Limited Company.

Issued Share Capital: US\$22,550,751.46

Business Category: Importer, Exporter and Wholesaler.

Employee: 1.

Main Dealing Banker: The Hongkong & Shanghai Banking Corp. Ltd., Hong Kong.

Banking Relation: Satisfactory.

ADDRESS

Registered Office:-

C/o STC Enterprise HK Ltd.
17/F., Union Park Tower, 168 Electric Road, Hong Kong.

Holding Company:-

Milliken China, Inc., US.

Associated Companies:-

American Bag Corporation, US.
GeoTree Technologies Inc., US.

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Keystone Aniline Corporation, US.
Milliken & Co. Inc., US.
Milliken (Australia) Pty. Ltd., Australia.
Milliken Asia Pte. Ltd., Singapore.
Milliken Carpets (Pty) Ltd., South Africa.
Milliken Chemical & Textile India Pvt. Ltd., India.
Milliken Concepts Residential LLC, US.
Milliken Design Inc., US.
Milliken Enterprise Management (Shanghai) Co. Ltd., China.
Milliken Europe BVBA, Belgium.
Milliken Healthcare Products LLC, US.
Milliken Inc., US.
Milliken Industrials Ltd., UK.
Milliken Infrastructure Solutions. LLC, US.
Milliken Japan K.K., Japan.
Milliken Packaging Corporation, US.
Milliken Services LLC, US.
SiVance LLC, US.
Springfield LLC, US.
Sylvan Chemical Co. Inc., US.

BUSINESS REGISTRATION NUMBER

38544359

COMPANY FILE NUMBER

1178968

MANAGEMENT

Managing Director: Mr. David Jesse Moody II
Contact Person: Ms. Ellie Lai

ISSUED SHARE CAPITAL

US\$22,550,751.46 (174,879,950 fully paid ordinary shares)

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SHAREHOLDER

(As per registry dated 25-10-2017)

<u>Name</u>	<u>No. of shares</u>
Milliken China, Inc. The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, US.	174,879,950 =====

DIRECTORS

(As per registry dated 01-03-2018)

<u>Name</u> <u>(Nationality)</u>	<u>Address</u>
David Jesse MOODY II	737 Black Wolf Run, Spartanburg South Carolina 293066666, U.S.
James John MCNULTY	101 Poplar Hill Lane, Greenville, South Carolina 29615, U.S.
James Robert MCCALLUM [Sternate to: David Jesse MOODY II]	6232 Arnall Court NW, Acworth, GA 30101, U.S.

SECRETARY

(As per registry dated 25-10-2017)

<u>Name</u>	<u>Address</u>	<u>Co. No.</u>
Tricor Corporate Secretary Ltd.	Lever 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.	0714799

HISTORY

The subject was incorporated on 25th October, 2007 as a private limited liability company under the Hong Kong Companies Ordinance.

Originally the subject was registered under the name of Malta Investments Ltd., name changed to Sylvan Holdings (Hong Kong) Co. Ltd. on 19th December, 2007 and further changed to the present style on 8th August, 2014.

Formerly the registered address of the subject was located at 'Room 3507, 35/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong', moved to 'Room 3515' of the same floor in June 2015. The registered address of the subject move to the present address in October 2017.

Apart from these, neither material change nor amendment has been ever traced and noted.

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OPERATIONS

Activities:	Importer, Exporter and Wholesaler.
Lines:	Specialty chemicals, floor coverings, specialty fabrics, performance products.
Employee:	1.
Commodities Imported:	US, Europe, Asian countries, etc.
Markets:	Asian countries, Europe, North America, etc.
Terms/Sales:	As per contracted.
Terms/Buying:	Various terms.

FINANCIAL INFORMATION

Issued Share Capital:	US\$22,550,751.46 (174,879,950 fully paid ordinary shares)
Profit or Loss:	Making a small profit every year.
Condition:	Keeping in a satisfactory manner.
Facilities:	Adequate for current running.
Payment:	Met trade commitments as contracted.
Commercial Morality:	Satisfactory.
Banker:	The Hongkong & Shanghai Banking Corp. Ltd., Hong Kong.
Standing:	Small.

GENERAL

Milliken Holdings (Hong Kong) Co., Limited is a wholly-owned subsidiary of Milliken China, Inc. which is a US-based firm. Its main associated company Milliken & Co. [Milliken] is also a US-based firm. The subject is a key member of the Milliken Group.

The subject shares the office with STC Enterprise HK Ltd. which is a Hong Kong-registered company.

The subject is trading in the same kinds of commodities as Milliken. It has a contact phone number 852-2529 5200 in Hong Kong and has an employee in Hong Kong.

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Milliken has been an innovation company since 1865. It has accumulated more than 2,200 US patents and more 5,000 patents worldwide since its founding in 1865.

With headquarters in Spartanburg, South Carolina of the United States, Milliken operates in a number of disciplines including the following:-

Chemicals and Specialty Chemicals;

Floor Coverings;

Industrial Textiles;

Performance and Workwear;

Specialty Fabrics and Textiles;

Protective fabrics;

Composites; &

Consulting & Training.

Milliken was selected by Fortune magazine as a "Best Company to Work For". It has also got the Malcolm Baldrige National Quality Award, the European Quality Award, the British Quality Award, the Canadian Quality Prize, etc.

Currently Milliken has more than 7,000 associates with 35 manufacturing facilities located in the United States, the United Kingdom, Belgium, France, India, Australia and China. Its business covers the North and South Americas, Europe and Asia.

Milliken serves a variety of industries to include automotive fabrics, interior furnishings, apparel fabrics, industrial products and specialty chemicals.

In October 2012, Milliken opened a regional headquarters in Shanghai, China known as Milliken Enterprise Management (Shanghai) Co. Ltd. The Asia headquarters combines sales, marketing, design, research, and business support services in a state-of-the-art space that will act as the hub of Milliken innovation throughout Asia. The headquarters features a floor covering design studio, chemical laboratories, a pilot manufacturing facility, office space, and an Innovation Gallery.

Milliken has operated in Asia since the late 1980's, beginning with a floor covering sales office located in Singapore. Since that time, Milliken has established additional sales offices, laboratories, technical centres and manufacturing facilities in locations across the region, including Tokyo, Shanghai, Beijing, Seoul, Melbourne, Singapore, Bangalore and Pune (India) apart from the subject.

In April 2017, Milliken announced its acquisition of the assets of Keystone Aniline Corporation, a global leader in dyes, pigments, pigment dispersions and polymers. Positioning Milliken for global growth, the initiative aligns two key industry players with complementary product portfolios and expertise to offer customers a broader array of advanced colorant solutions, technologies and services.

In May 2018, Milliken and Oxiteno of the US entered into co-manufacturing agreement to serve the US chemical market.

One of the India customers of the subject is Innovative Antares Private Ltd. This company is buying carpet tiles from the subject.

In Hong Kong, the subject's business is chiefly handled by Ms. Ellie Lai who is a Hong Kong citizen.

The subject is fully supported by Milliken. History in Hong Kong is over ten years and eight months.

On the whole, consider it good for normal business engagements.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.79
UK Pound	1	INR 91.11
Euro	1	INR 80.78
HKD	1	INR 8.77

Note: Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	VIV
Report Prepared by :	NIT

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)